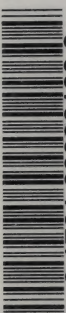


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M. L. CHAZEILLES, PANACEA

by P. A. O'Farrell.



A BANKER'S ASSOCIATION FOR CONTROL OF THE WORLD'S GOLD

M. L. CHAZEILLES, PANACEA

An interesting contribution to the study of the problem of exchange and currency has been made by M. L. Chazeilles, a famous French economist. He advocates:—

1. The abolition of the Gold Standard.
2. The cancellation of all International debts.
3. Full recognition of Soviet Russia.

He writes: "The hard facts of the situation are that Europe is groaning under a war debt which it can never under any circumstances pay.

The logic of it is that a day will come when three alternatives will present themselves; either the creditors wipe the debt off, either some method will be found for paying or Europe will be forced into involuntary bankruptcy. Since the first is unlikely and the second, in view of experts, impossible, the natural deduction is that bankruptcy is inevitable.

The printing of paper money is a fearful expedient but it does not necessarily entail absolute ruin to the inhabitants of a country. When the load of paper becomes unbearable, a nation has always the way out by cancellation. When the time is ripe, the Russian people will be called upon to go to their banks or the treasury and exchange the million rouble for bills worth only one thousand. Simultaneously the old currency will be cancelled and will no longer be passed anywhere, except in banks and there for a thousandth part of its face value. Simple, of course, but unworkable unless the Government is in a strong enough position to uphold the new currency. If that is not the case, the new currency will sink in its turn and the whole weary procedure will have to be gone through again.

Cancellation was practiced by France after the Napoleonic wars. Financiers and economists then screamed ruin and pre-

dicted that France's credit would never recover but it recovered in less than ten years.

What has been done before will be done again. The next decade will find the printing presses of Europe working overtime turning out money and then will come cancellation and a final house cleaning.

The danger to France in this situation is that Russia and Germany have commenced inflation sooner. By artificially maintaining the value of the franc, the French Government is only delaying the eventual return to prosperity.

The great fallacy of Chazeilles is that like all Socialists he believes that nations have the right, as well as the power, to print money. He calls fiat money a fearful expedient yet clamours for the abolition of the gold standard.

It is strange that an educated man who sees the plight of the European nations so clearly can nourish the dream that they can be saved and work back to normal prosperity through successive stages of repudiation. Chazeilles is a disciple of Jean Jacques Rousseau. The Saturday Evening Post has a much clearer vision of European economic problems. It says:

"The four thorniest problems of international finance and the four weightiest are:

1. How to reduce German reparations equitably to a sum that Germany can pay without a ruinous collapse.
2. How to stabilize the depreciating currencies of Europe and to restore a regime of honest money.
3. How to adjust equitably interallied debts and so to restore a normal balance of trade between the Continent and Great Britain on the one hand and between Europe and the United States on the other.
4. How to bring about a drastic and proportionate reduction of the armies and military budgets of Europe—a task that involves also the removal of the jealousies, fears and territorial ambitions of many old and new States."

There is no salvation for Europe in the Socialist panacea advocated by Chazeilles. If Bolshevism overspreads Europe specie money will disappear and the printing presses will be working wartime turning out money till the hour for final cancellation and house cleaning come.

The state of Russia is typical of what will happen to the rest of Europe if its governments keep right on paying their way with fiat money and forced bank loans.

Recently Lord Inchcape declared that England would flounder into economic ruin unless a way was found to lower taxation. England in fact is paying interest and running expenses through a tax levy on capital and if this policy cannot be revised, economic disaster is inevitable. That is why a revival of the world's trade and commerce is the only way to save Great Britain from impending economic disaster but there can be no trade revival until fiat money is branded as fraudulent and its use outlawed by international agreement.

Fiat currency is the poison gas of the economic world. It must go. Let there be no hesitation about that. In no other way can "A regime of honest money be restored to the world." The elimination of fiat money from the currencies of the world will be a drastic and painful operation. But it is essential. England can easily redeem the \$1,500,000,000 of fiat money she has outstanding but Germany, Poland, Russia, France and Italy can never redeem their outstanding fiat money and paper obligations at par.

The war swept away \$250,000,000,000 of Continental Europe's capital. It has been annihilated. When a great manufacturing plant is destroyed by fire or earthquake and nothing is left but the mortgage, that mortgage might as well be burned up too. When a great ship worth \$4,000,000 strikes an iceberg and sinks in mid-ocean, the owners and Insurance Companies write off the \$4,000,000. Better to forget all about it. When a great public utility like a transcontinental railway becomes bankrupt, the Courts take possession and reorganize it. Sometimes all the stock and junior securities are wiped out and even the interest due the first mortgage bondholders may be reduced to a pittance. The public utility must have new money to function properly and the interest on the new money becomes the prior lien of the organization. Now Governments in the last analysis are but public utilities. Wendell

Phillipps called "Government a necessary nuisance" and another Democratic leader characterized Government as "The Big Policeman." The Government which can carry on only by confiscation, or forced loans, by issuing worthless treasury certificates and making them legal tender, is utterly bankrupt and the sooner it is reorganized and liquidated the better.

FRENCH POLITICS AND FINANCE

It is through no fault of its own that France finds herself crushed under debts and currency obligations in excess of \$80,000,000,000. Reparation payments may reduce this to \$70,000,000,000. But French industry can never pay interest on such a gigantic sum, nor would it be just to the masses of France to do so. The Government of France could never collect enough revenue to pay its way and liquidate such a debt at par. Its armies may be cut to a hundred thousand men and its navy reduced below the limit of efficiency and still France would be unable to meet interest charges and redeem its fiat currency.

Every Frenchman who holds francs or franc securities cherishes the hope that in time he will get all gold for his holdings. The politicians and financiers have sedulously cultivated the idea that the franc would come back to its gold parity and while cultivating this idea they have been unloading franc government securities on the thrifty peasantry and workers of France.

French exchange has been upheld at a fictitious figure. The lire has more intrinsic worth today than the franc and yet the lire is selling at a discount of 70%.

Now the logic of the situation is that nothing can save France from chaos and revolution but drastic liquidation of its currency and floating debts and equally drastic demobilization of its military and civil service forces. There are many little Napoleons who would undertake to wander into Germany and take possession of that country's industries and raw materials hoping thereby to turn the Germans into slaves and keep them so until France was paid in full.

Through that way lies inevitable ruin for France and for Continental Europe as well. It is pitiful that French statesmen should think of such an expedient. Europe cannot afford to let Germany sink into what the POST calls "ruinous collapse."

Germany and Germany alone can reorganize Russia and the reorganization of Russia is more essential to the world's wellbeing than the re-habilitation of France.

Russia is groaning under a tyranny more vile than the regicides inflicted on France during the Revolution. Danton and Robespierre were mild as suckling doves compared to the ferocious Trotsky and insatiable Lenine. The Russian masses are mere victims of a regime of murder, arson and pillage inaugurated by these terrorists. But the end is near. The Russian people see the utter helplessness of Bolshevism and they are crying aloud for help, for an opportunity to live their simple lives in their own way.

Japan, obsessed by dreams of conquest in Siberia, schemes to prolong the chaos and Bolshevism and the French and Belgians become the cats-paw of the Japs.

The French invested vast sums in Russia prior to the great war. Since 1870, France, for political reasons, poured its capital into Russia to aid in its economical development. It had some three billions in Russian rails and industries and in Government bonds. But the war and Revolution, and above all the anarchy of Bolshevism, well nigh destroyed the value of these investments, yet France wants full restitution. In the counter revolutionary episodes, France and the Allies backed the reactionaries and Russia has counter claims for that.

The Japs in particular have been guilty of wholesale treachery, brutality and double dealing against Russian democrats who had no hand in the horrors of the Reds. Quite consistently the wily Japs spur the French on to insist on demands which can never be met. Japan wants Bolshevism and political and democratic chaos in Russia to enable her to tighten her stronghold on the trade and commerce and railroads of Eastern Siberia. Indeed, it would suit the Japanese admirably were France to endanger the peace of the world and send her armies beyond the Rhine to collect reparations which Germany never can and never will pay.

Japan is resolved to achieve the political and democratic domination of Siberia and of China and if the Nations of the West cannot get together and find a way to peace and harmony and to political and economic reconstruction, Japan will be mistress of Siberia and China's destinies before the white man realizes the danger.

Europe is seething with ferocious national hatreds and it is of paramount importance to allay national passions and co-operate for the restoration of trade and transport and economic efficiency. Debts and taxes and reparations are paid, not with gold, but with the surplus products of industry and if a nation has no surplus production she can pay no debts and it's trade and commerce are not worth considering.

Germany is a nation of intensive industry, great enterprise and ceaseless endeavor. Once it succeeds in financing the reparations, it will soon liquidate or cancel its currency and other debts. Then its credit will be restored and the Republic will function economically once more.

Once restored to economic efficiency, Germany will work to expand her trade and commerce, and to do that and redeem the bonds she has given in payment for reparations, she must help to reorganize and reconstruct her neighbors.

The salvation and reconstruction of Eastern Europe depends primarily on the speed with which Germany can reach a settlement with France and reconstruct her own finances.

Every day's delay in reaching a basis of understanding for adjusting international debts and currencies is a loss of golden opportunity. America is powerless to help until the nations of Europe come to a realization of their problems.

The question is often asked "Where will Germany get the gold and silver needed to get back to a 'regime of honest money' and secure credits for her industrial and commercial reconstruction?"

In 1877 the United States had a population equal to that of Germany today. It had in gold only \$3.61 per capita and in silver \$1.21 per capita. Yet with that small stock of metal money, about \$230,000,000 in both, the United States went forward on a career of marvellous progress and expansion. With that small amount of specie, the Republic kept her currency at a parity with gold and had no difficulty in securing vast credits in Europe for the greatest expansion of industrial and railroad transportation the world has ever known.

Now Germany has still in her banks and treasury gold in excess of \$200,000,000 and silver reckoned at its coinage value

in excess of \$300,000,000, or double the metallic money possessed by the United States five and forty years ago. With the bank rate currency which her reserves of gold and silver will justify, Germany will have ample real money and currency to function normally the moment France settles reparations justly.

It is a mistake to think that great reserves of gold and silver are required to keep currency and exchange at a parity. The Argentine has \$61 per capita of gold reserves and yet her money is at a discount. Holland has \$37 in gold and \$8 per capita in silver and her exchange is at a discount. Switzerland has about \$24 in gold and \$6 in silver and her money is at a premium and her taxes no longer cover her expenditures. Holland and the Argentine have much bigger metallic reserves per capita than the United States, yet their currency is at a discount.

THE GOLD AND SILVER MONEY SUPPLIES OF THE WORLD.

There are but \$9,000,000,000 of gold and \$3,000,000,000 of silver money in the world. That is \$5 in gold per capita and \$1.60 in silver for the world's population. Were confidence restored between the Nations and debts adjusted and fiat currency completely outlawed, this stock of gold and silver would provide an ample supply of honest money and ample reserves for bank note currency to meet the demands of the business and commerce of the world. It is the debased and dishonest paper fiat currency that is destroying confidence and demoralizing the economics of the world. This fact cannot be too strenuously and too often reiterated.

Nations can never come back to normal and function economically as long as they meet interest and expenditure with the proceeds of new loans or with fiat currency. Hence bankrupt nations must demobilize their military and civil service forces and adjust their interest to the ability of the Nations to pay. Proud nations do not like the words repudiation, cancellation and liquidation and yet there is no other way of escaping national bankruptcy save through one or another.

People who lost their all in the defeat of the Confederacy were also very proud, but their currency and bond and floating debts had all to be repudiated. They had to begin all over again amid the wreckage which war had left, but ere half a century

had passed, the Southern States were more prosperous and richer than they had ever hoped to become. All the fierce hatreds begotten during four years of horrid war have long since vanished like darkness before the splendour of the rising sun. The war-sick and bankrupt peoples of Europe may well study the methods by which the people of the South came back and achieved complete political and economic equality with the victors.

ADJUSTMENT OF INTERNATIONAL DEBTS.

In the coming adjustment of debts and reparations, Great Britain and the United States must cancel the French and other Allied debts. It is useless to argue the question. America cannot accept goods in payment and payment in specie would do America as much harm as payment in goods. England stands in a like position with her Allies. She must cancel their debts and France, Belgium and Italy must adjust the reparations and debts which the vanquished must pay. Only the common enemy of mankind wishes to perpetuate the passions and hatreds now seething in Europe. The common enemy and I am sorry to add Japan.

There are also the criminals, the communists and the fanatics of the world to reckon with. War, strife and disorder is the breath of their nostrils and peace, goodwill, charity and justice are to them an abomination. There are also madmen and fools in every country and never was a great leader of humanity so sorely needed as now to pilot the nations back to peace, progress and prosperity.

Enlightened world public opinion can defeat the mad dreams of the French Imperialists, can checkmate the treachery and ambitions of Japan, can save Russia and put the finances of the world on a perfectly sound and stable basis. Pitiless publicity and co-operation of all the enlightened journalists and authors of the world are needed to educate public opinion.

MONETARY REFORM.

The paramount economic problem awaiting solution is not reparations but the emancipation of the world from debased fiat currency. In other words, how are the nations of the earth to be provided with an ample supply of honest money?

The financial experts of the Allies met in London in March and framed the following articles for the enlightenment and

approval of the delegates of the thirty-two Nations assembled at Genoa. For the better understanding of the contents, I give in full the program for monetary reform:

EUROPEAN CURRENCY REFORM.

The resolutions on the restoration of Europe are as follows:—

Article 29.—An essential requisite for the economic reconstruction of Europe is the achievement by each country of stability in the value of its currency. No country can gain control of its own currency so long as there is a deficiency in the annual Budget, which is met by the creation of paper money or bank credits. It is for every country to overcome such a deficiency by its own independent efforts; only then will its way be open to currency reform.

Article 30.—Measures of currency reform will be facilitated if the practice of continuous co-operation among central banks can be developed. A permanent association or ENTENTE for the co-operation of central banks not necessarily confined to Europe, would provide opportunities for co-ordinating credit policy, without hampering the freedom of the several banks. It is suggested that an early meeting of representatives of central banks should be held with a view to considering how best to give effect to this recommendation.

Article 31.—It is desirable that all European currencies should be based upon a common standard.

Article 32.—Gold is the only common standard which all European countries could at present agree to adopt.

Article 33.—In a number of countries it will not be possible for some years to restore an effective gold standard but it is in the general interest that European Governments should declare now that this is their ultimate object and should agree on the programme by way of which they intend to achieve it.

Article 34.—In each country, the first step towards re-establishing a gold standard will be the balancing of the annual expenditure of the State without the creation of fresh credit unrepresented by new assets.

Article 35.—The next step will be to determine and fix the gold value of the monetary unit. This step can only be taken in each country when the economic circumstances permit, for the country will then have to decide the vital question, whether to adopt the old gold parity or a new parity approximating to the exchange value of the monetary unit at the time.

Article 36.—These steps might by themselves suffice to establish a gold standard but its successful maintenance would be materially promoted, not only by the proposed association or entente of central banks, but by an international convention to be adopted at a suitable time. The purpose of the convention would be to centralize and co-ordinate the demand for gold and so to avoid those wide fluctuations in the purchasing power of gold, which might otherwise result from the simultaneous and competitive efforts of a number of countries to secure metallic reserves. It is suggested that the convention should embody some means of economizing the use of gold by maintaining reserves in the form of foreign balances, such, for example, as the gold exchange standard or an international clearing system.

Articles 37 to 60 deal with the International Corporation project, freedom of exchanges, the removal of trade barriers, customs, tariffs, and transport.

MORE AND MORE ILLUSIONS.

This document must be read again and again and scrutinized from every angle to appreciate it properly. There is absolutely nothing in the document which could have helped the statesmen at Genoa to restore to the world "A regime of honest money."

In every article there is the poison gas of the propaganda of special interests, false assumption and misrepresentation.

The first resolution declares that stability of currency for each country is essential to the reconstruction of Europe. But if it be essential for Europe, why is it not equally essential for the Orient and South America and Mexico. "Stability," it continues, "is impossible while deficits are met by new issues of paper money or new loans."

Surely it did not need a conference of financial experts to tell the world this!

But it naively adds that deficits must be wiped out by each country's own efforts before the way is open for currency reform but not a single suggestion is made as to how the deficits are to be eliminated.

All through this amazing document there is painful evidence that the so-called experts expect the regime of debased fiat currency to be perpetuated and they are floundering to find how counterfeit currency can be changed into honest money.

Now, it is not fiat currency reform the world needs, but the abolition or the outlawing of the said currency and "The restoration of a regime of honest money." The fiat currency poisoning the economic world is not money but fraud and this is the kind of thing which the Allied financial experts wish to reform. Fiat currency is a debt not a credit. It is a negative not a positive quantity and money cannot be made from less than nothing.

The only real money is gold or silver, or bronze as a token for either, is a money taken for gold and silver. Bank Notes, Bills of Exchange, Letters of Credit and Cheques are implements of credit, not money. The only currency that sound economics will tolerate is Bank Note currency, which is redeemable at any time in gold or silver and which expands and contracts with the demands of business. A treasury note bearing no interest and made legal tender by enactment is dishonest currency, a "dangerous expedient" which only a great national emergency can excuse or palliate.

It is not the less a fraud because it is issued by and with the consent of all the people. It is counterfeit. To call it money is a lie. The banker who issues a Bank Note when there is no gold or its equivalent in the bank to redeem it is treated as a criminal. So is the maker of a worthless cheque. Fiat currency is on a par with worthless cheques and bank notes. Why then should a commission of financial experts befog a vital issue by referring to fiat currency as money?

An economic convention of the world's statesmen may arrange for the redemption or elimination or cancellation of debased currency but it cannot be reformed. It must be entirely outlawed like Confederate currency after the war. Each country may be left free to compensate the holders at one or

two or ten or twenty percent of its face value but fiat currency must be outlawed by all the honest nations of the world.

These are strong statements but the time has come to call a spade a spade. The country that permits debased coins or fraudulent bank notes or treasury notes bearing no interest to pass current as money is really past praying for.

The financial experts who undertook to advise the Genoa Conference state: "That in some countries it will not be possible for some years to restore an effective gold standard'."

This is a confession of impotence. One of the primary objects of the Genoa Conference was "How to stabilize the depreciating currencies of Europe and to restore to the world a regime of honest money." The financial experts say it cannot be done in some countries for some years.

But common sense and justice and expediency demand that it shall be done, even at the expense of cancelling all the fiat currency in existence.

These experts having asserted that it will take years for some countries to dispense with fiat currency, add; "The next step will be to fix and determine the gold value of the monetary unit. Each country will then have to decide to adopt the old gold parity or a new parity approximating to the exchange value of the monetary unit at the time."

Fiat money is a horror, but the financial experts would pile horror on horrors head, for if their schemes were carried out, we should have new issues of paper currency at a parity with gold and the new paper franc or mark or rouble would equal three old paper francs; the new paper mark would be equal to 80 old paper marks and the new paper rouble 100,000 of the old paper roubles.

But this would be confusion worse confounding and the new paper currency would rapidly sink to the level of the old or below it. Fiat currency being a debt, the payment of which is dependent on the solvency of Governments, there is no way under Heaven of fixing its gold parity.

To the plain common-sense man on the street that is a fact which is self-evident. M. L. Chazeilles calls this very plan a fearful expedient.

Carrying out this suggestion would bring endless delays and inexorable confusion. Instead of securing monetary reform the world would be cursed with new issues of francs and marks and roubles differing in value from the old and would be what Chazeilles so clearly points out—final cancellation.

It should not be necessary to carry this argument further. The financial experts who advise the perpetuation of fiat currency in the hope that some years hence its parity to gold may be miraculously restored, are hopelessly and inconceivably muddled and their suggestions for the monetary reform of the world's currency are illogical, unjust and destructive.

Monetary reform of the currencies of the world will be achieved when all the nations go back to the use of a specie money which is the only honest money.

Honest money is gold and silver circulated all over the world at a parity fixed by International agreement. That is a primary step in the monetary reform of the world's currency.

But the financial experts who are pleading for the stabilization of the debased fiat currency of Europe tell us that gold is the only common standard which *all* the European countries could at present agree to adopt.

The experts go further and ask the nations of Europe to make a solemn profession of faith that the single gold standard is their ultimate object and that they should now agree on "a programme to achieve it."

AN INTERNATIONAL GOLD TRUST.

To achieve this they recommend the formation of "An association of central banks not necessarily confined to Europe should be organized and this association of central banks should be delegated by the nations of the world to centralize and co-ordinate the demand for gold and so provide against those wide fluctuations in its purchasing power.

Now if stabilization of fiat currency—which never can be achieved—is essential to the stabilization of exchange and essential to the economic equilibrium of the world's commerce and trade, why is not the stabilization of silver currency equally essential?

Silver is the only real money ninety percent of the people of the world ever use. Their wages are paid in silver and with coppers at a parity, with silver they shop and they play. Is it forbidden by the laws of God and Nature to establish a gold parity for the money ninety percent of the people of the world cherish and use?

It is only in recent years the plain and simple people of the world have become familiar with poison gas propaganda. There is a certain class of bankers and financiers operating in all the money markets of the world whose operations justly entitle them to the name of Shylocks. They are usurers by instinct and they take advantage of individual and national misfortune to squeeze the last cent out of both. The Shylocks have made and are making enormous fortunes through the fluctuation and vagaries of exchange and this precious document of the financial experts is nothing more than propaganda inspired by the international Shylocks who have secured a stranglehold on the gold and silver and exchange markets of the world.

The two salient resolutions of this document plead for the formation of a Bankers Trust which would be entrusted with the "organization and co-ordination of the demand for gold to avoid the wide fluctuations in the purchasing power of gold which might otherwise result from the simultaneous and competitive efforts of a number of countries to secure metallic reserves."

No more pungent condemnation of the fetish of the single gold standard has ever been printed. The whole myth about gold being a stable measure of valuation is here unconsciously exploded and the truth is revealed. The Shylocks gave the fiction away or the truth was needed as an argument to bolster their request for the creation of an association of central banks to control all the new gold production of the world so that they might organize and co-ordinate its distribution.

There cannot be a doubt that the association so organized would be a "Trust" of International Shylocks. They would

control the supply and distribution of the gold of the world, not indeed to prevent the wide fluctuations in its purchasing power, but to acquire for themselves complete domination of the financial markets of the world.

That has always been the aim of these international Shylocks. They succeeded in inducing England to demonetize silver in 1817. They succeeded in getting Bismark to follow suit in 1873 and France and the Latin Union and America had to follow.

They were perfectly well aware of what must happen from that act of treachery against the orderly economic life of the world.

The purchasing power of gold soared and interest rates of new money fell. Silver, reduced to a mere base metal, went down and down with all other commodities produced with silver wages, till wheat, wool, hides, cotton, copper, lead, lumber, sugar, beef and butter were selling for a half and a third of their former price. It took three times the quantity of wheat to pay the interest on the farmer's mortgage, three times the butter and eggs and poultry. It took double and treble the surplus products to pay rents and taxes.

Those who had fixed incomes, had the purchasing power of their incomes doubled and sometimes trebled, and all the producers of food and raw materials all over the world were wronged.

The economic equilibrium of the world was put completely out of joint through this well organized conspiracy. The Shylocks knew what they were about and the politicians were their dupes.

Too often "Fools rush in where angels fear to tread." Ministers of State ought to know that the first duty of government, next to the protection of the lives and liberties of all the people, is the protection of property. To prevent and if not able to prevent to punish the cheat and the fraud is a primary function of Government .

The Shylocks who destroyed the monetary system of the world were cheats and liars. They said the single gold standard was the only stable standard of valuation. They said that

Bi-metallism meant inflation and dishonesty. That mono-metallism—or rather gold monometallism—meant protection for business and security for investment. That gold mono-metallism would put an end “to wide fluctuations,” in the price of commodities but they never told that the wide fluctuations in silver and silver currency would enable the Shylocks to reap colossal profits discounting exchange.

Business needs a standard of valuation, just as it needs a standard for measuring time, weight or capacity. But a standard of valuation should be fixed and unchangeable, like the inch, the foot, the yard and the metre. But gold is a commodity like copper, wheat, wool, silver and palladium and its value changes according to the law of supply and demand. It is the worst kind of a delusion to suppose that the value of gold is constant. From 1873 to 1897 the world's gold production averaged less than \$100,000,000 a year. The supply was entirely inadequate for the business requirements of the world and as a consequence its purchasing power rose and the price of all other commodities slumped to a half and even a third of their former value. Then the great gold discoveries of Alaska, South Africa, Australia, Canada and the United States poured a flood of gold into the world and production from 1897 to 1914 equalled all that had been produced during the thousand years preceding.

That immense influx of gold reversed the fall in prices. Commodities rose and the purchasing power of gold fell.

All this merely proves what every enlightened man of common sense knows, which is that gold is no more stable a measure of valuation than copper, silver, zinc, lead or nickel.

Zinc, lead and nickel are not suitable for coinage but copper, gold and silver are. Palladium would make an excellent coin were the supply sufficient and were its parity stabilized at \$100 an ounce or five times the parity of gold and $77\frac{1}{2}$ times silver. The three metals together would make a much better standard of valuation than the others acting singly or together.

The clap trap about the “Single gold standard” being the only stable measure of valuation is a deception and a fraud invented to cheat the ignorant and fool the simple.

Silver and gold harnessed together at a fixed ratio of 12 to 1, 13 to 1, or $15\frac{1}{2}$ to 1, make a far more constant and better standard of valuation than gold alone or silver alone. This is not theory but fact and as easy of demonstration to an intelligent man of open mind as to prove that there are 13 moons in the twelve months of the year.

"There are none so blind as those who will not see!" Let us suppose that the nations of the world entered into a convention to accept silver, gold and palladium at a ratio of 1.5 and $77\frac{1}{2}$. That is, one ounce of palladium could be minted into coins worth \$100; one ounce of gold into coins worth \$20; and one ounce of silver into coins worth \$1.33.

Let it be agreed that the only palladium coins would be \$100 and \$50. But the commercial demand for palladium is growing faster than the supply. Palladium would soon go at premium and the coin would become curiosities and go into the banks or museums. I remember when platinum sold around \$2 and \$3 an ounce. It is around \$100 now. Were it selected as a money metal at ten times the value of gold, little of it would be sold to the mints, for industry and science and research work needs all the platinum which can be produced. Neither palladium or platinum can, therefore, be of much service in fixing a standard of valuation for the business world. Their fluctuations in value are too like the lightning that is gone before one can say "It lightens."

But in 500 years, for every ounce of gold produced, 13 ounces of silver have been mined. Sometimes the ratio of production has been 30 to 1 and for a generation or two it has been 7 to 1. It is now 10 ounces of silver to 1 of gold. I sincerely doubt if it ever will be more than 10 to 1 again. The silver mines of the world are near exhaustion. Europe, Asia, Africa and Australia do not produce enough silver to supply England's chemical industry. America's wonderful Galena Mines, where most of her silver came from, are nearing an end. Canada, Mexico and possibly Siberia are the only possible source of new silver supplies. Half the silver now being mined is going into chemicals or ornaments. Europe has been using postage stamps and shin-plasters and rag-paper currency instead of silver and the world must get back some time to gold and silver and honest money.

Silver money passing current at a fixed parity to gold is the only currency through which Europe can be emancipated

from fraudulent and debased currency. That must lead to an immense demand for coinage but the supply is short and people will not sell their valuable silverware for the coinage value and the movie picture interests must have silver nitrates even if silver cost \$5 an ounce.

Under such conditions there will be no chance for the mints getting enough silver at \$1.33 an ounce. But the price will stimulate production and the old dumps and abandoned mines will be worked again and gradually the price of silver will drop to the mint price or to gold parity. Let us suppose a famine in gold production. At once gold would go to a premium. All the new coins or new money which the world needs would then be silver. Gold would go into the arts and be hoarded it may be for a decade or two, but the world in time would be saturated with gold and it would fall automatically to its mint or parity price with silver. Meanwhile the standard of valuation has remained constant, though at one time silver soared beyond its parity and at another gold may have soared beyond its coinage value.

If any man of sound judgment and unbiassed mind will carefully study the subject and weigh the facts, he will see as clearly as he sees the Sun at noonday that silver and gold harnessed together make the only scientific and correct method yet devised for securing a standard of valuation.

It is, therefore, pitiful to the last degree to find a group of financial experts advising a world economic conference that the single gold standard is the only common standard European countries will agree to. And to maintain this single gold standard they tell us an association of central banks must be formed.

How such a document could ever have been allowed to see the light of day passes comprehension. The Money Shylocks of Europe who deliberately engineered the demoralization of the monetary equilibrium of the world by the trick which debased the money of three-fourths of the people of the world send their experts to Genoa to ask a world convention to perpetuate the colossal economic blunder which was committed when silver was demonetized in 1873!

The Shylocks whose business was discounting exchange took advantage of conditions to manipulate the silver market and

so produce violent fluctuations of exchange through which they made enormous fortunes. Producers and consumers all over the world were wronged and plundered through the machinations of those who controlled the violent fluctuations in currency and they grew fabulously rich discounting Bills of Exchange.

There can be no reconstruction and no harmony and no peace in the world until a regime of honest money is once more established. But all the Shylocks of the world are engaged in a vile conspiracy to perpetuate fluctuations in currency and thus control the money markets of the world. They talk of inflation and of the injury to investments which restoring the parity of silver would cause. They roll their eyes toward Heaven like the Pharisees of old and thank God that they are not like the rest of men. But there is no lie too black or no misrepresentation too vile which they do not make use of to retain their hold on the banking resources and exchange markets of the world.

For the purpose of bringing home to the mind of the average intelligent man a clear conception of what specie or honest money is, I shall suppose that all the civilized or all the great nations of the world entered into a convention that all the specie money put into circulation should be of standard weight and fineness. Let us further suppose that coins should be made only of bronze, silver, gold and palladium. That a quarter of an ounce of bronze should be a cent, an ounce of silver 133 cents an ounce of gold two thousand and sixty-one and a half cents, and an ounce of palladium ten thousand three hundred and seven and a half cents. That is a ratio of the precious metals, Palladium, Gold and Silver of 1. 5 and 77½.

Let it be clearly understood that this ratio is standardized by international agreement. Let us again suppose that all gold and silver coins shall be of 90% precious and 10% alloy metal and that palladium shall be 100% fine. This is monetary reform, for American gold coins contain only 10% of alloy while British gold coins have 11% base metals as alloy. This causes a discrepancy in the value of gold coin of equal weight which confuses and complicates exchange. The same is true of silver, only 10% of base metal should be used as alloy and in bronze 97% at least should be copper.

The English mint does not deal in refined gold and silver, but in gold already reduced to 89% with 11% of base metal

and it buys only standard silver which is but 90% fine. This also is confusing and accounts for the discrepancies in New York and London gold and silver quotations. Any world monetary reform should take thought of these discrepancies and remedy them. America's ratio between gold and silver coinage was, up to 1837, 15 to 1. It is now 15.988 to 1. Europe's ratio is 15½ to 1. These discrepancies are all confusing and need correction.

The coinage ratio between silver and gold for simplicity and accuracy should be reduced for all countries to 14 to 1. This would bring the ratio to a nearer approximation of production and consumption during 500 years than any other figure, save perhaps 13 to 1. But 14 is a more convenient and simple and more easy to subdivide.

Then silver, gold and palladium would stand at a ratio of 70 to 5 of gold and 1 of palladium and all subsidiary coins would change accordingly. The sovereign and five dollar gold piece would not change in purchasing power, but the silver contents of the dollar, shilling and franc would have to be adjusted, for refined silver at the 14 to 1 ratio would be worth \$1.43 an ounce. The size and weight of the silver dollar would have to be reduced 12% and the franc, mark and the shilling about 10%.

In order to obtain world-wide uniformity in size, weight and standardization of gold and silver coins, this re-melting and re-minting is an essential reform.

The cent, centime and halfpenny should be pure bronze coins of the same weight and the dime and sixpence should be the smallest coins. It will not do the world any harm to get back to hard money, to silver coins and to pennies, half-pence and farthings.

Now this is an easy, simple and comprehensive scheme of monetary reform to achieve what the POST calls "The regime of honest money."

It does not change the purchasing power of gold one iota but it standardizes gold, silver and palladium. It puts a value of \$100 an ounce on palladium, \$20.67 an ounce on refined gold and \$1.43 an ounce on refined silver. That means

that all the mints of the world guarantee the weight and fineness of silver, gold and palladium coins and that they are what the stamp on each declares it to be. That is the business of government in regard to money and currency. To see that the palladium, gold, silver and copper coins are not debased or sweated and that bank note currency, cheques and bills of exchange are honest implements of credit.

It is a woeful delusion to imagine that it is part of the government business to make or issue money. The government's function is to put its seal on honest gold and silver coins when the owners bring them to the mint.

It is also the function of the government to supervise the operations of all banks, whether they are granted the privilege of issuing their own notes as currency or otherwise. Bankers are custodians of other peoples' money and the State is exercising its proper function when it enacts laws to protect depositors.

It cannot be urged too strenuously that it does not make the least difference in the argument whether the ratio of palladium, gold and silver be 1.5 and 70 or 1.6 and 96 or 1.5 and 77½. The fundamental thing is a fixed ratio. After the ratio is once fixed, the law of compensation adjusts the balance.

Refined gold will, if the 1.5 and 70 ratio be adopted, sell to the mint at \$20.67, refined silver at \$1.43 and palladium at \$100. The world's mints are stamping a new precious metal, palladium, a half an ounce of which makes a \$50 piece and \$100 piece weighs an ounce. It would be a beautiful coin and its use as money will send prospectors hunting for it all over the world. But when its real value in the arts and manufactures are known, it will soar beyond the mint price of \$100 an ounce and palladium coins will rapidly find a resting place in the metal reserves of banks.

In this scheme of monetary reform, silver would be coined at \$1.43 per ounce. This, for a time, would stimulate production. Let us assume that production soared to double the present output or to 300,000,000 ounces a year. Let us assume at the same time that the gold output drops from 18,000,000 ounces to 8,000,000 ounces. Gold would at once go to a premium and sell above \$20.67 an ounce. The arts would consume 5,000,000

ounces and there would be a yearly accumulation of 3,000,000 ounces hoarded and held as bullion in banks. Meanwhile, all the new money required by the expanding business of the world would be silver coins. The extra strain on the silver supply would rapidly exhaust any surplus silver and leave the world bare of supplies, while arts and chemicals demanded more and more of it. In five or ten years, the load of the accumulated gold would break the back of the gold premium and the owners will be found rushing to the mint to get rid of their gold.

Thus silver and gold production balance one another, just as the earth in its course around the sun, though speeding at the rate of sixty-five to seventy thousand miles an hour, is held to its allotted course through the play of natural laws. And so it is with a million suns with their satellites, flung into the boundless realms of space. There is a Heavenly harmony in their motion and an equilibrium of forces, otherwise chaos would result. The tide will ebb but it will always flow again.

When the ratio between silver and gold is not fixed, we have economic chaos. Suppose that next year the gold production of the world dropped back to 5,000,000 ounces or where it stood from 1870 to 1900. The financial experts tell us the result. A wild and simultaneous scramble for metallic reserves and an enormous enhancement in the purchasing power of gold. Prices of commodities will slump as they never slumped before and taxes, rents and interest would be more difficult to meet than ever.

Thus when gold and silver act together in teamwork and there is a famine in either metal, the other being abundant keeps the standard of value stable. This should be patent to any man seeking truth that two, three or four money metals provide a much more stable measure of value than one. The single gold standard was in reality the most colossal fraud ever committed against the wellbeing and progress of humanity. The very phrase "Single Gold Standard" is a living lie coined by the Shylocks to cheat the world. It is not a standard measure of value in any true sense of the word, for a measure must be stable and gold is as unstable as water.

Again, the cry about bi-metallism and inflation and the dishonesty of a double or treble standard is sheer sophistry and deceit. Gold, silver and palladium, acting together at a fixed

ratio, and each helping the others to stabilize values, do not make three standards of value, but one. A pint measure made of tin, a quart measure made of glass and a gallon measure made of wood can all be employed to measure the milk sold by the farmer. They are one and the same standard.

The cry of inflation is a bughead which the Shylocks use to frighten timid and simple souls.

England, to carry on and finance her home markets and settle wages, uses 33 shillings per capita or about £70,000,000 worth of silver coinage.

France, Germany and Holland had to use \$1,200,000,000 of silver money before the war and all that silver was passed along at a parity to gold. Europe had then 65% or 70% of the world's silver coinage in circulation and kept it at a parity with gold while its bankers discounted the silver money of the Orient and Latin America 60 or 70%.

There is only \$1.60 per capita silver money in the world and \$5 in gold.

The re-coinage of silver at 14 to 1, 12 to 1, or 15½ to 1 could not possibly add 20% more of silver money to the world's stock in ten years. The silver is not to be had. The silver mines, like the lead mines, the gold mines, platinum and palladium deposits have been exhausted all too rapidly and unless new sources are discovered there will be a woeful shortage of base and precious metals ere this century ends. There is far more danger of a shortage in the gold and silver supply than even the financiers of the world imagine. The Shylocks who hold the tax-exempt gold bonds and the first-mortgage gold bonds would gladly welcome a gold famine especially if the parity of silver be not fixed before such a gold scarcity came. Such a gold famine would be a disaster for the rest of the world who would have to pay taxes, rents and interest in gold and for that gold they would have to give double or treble the usual quantity of their surplus products.

The Money Changers who have grown and are still growing rich manipulating the silver and exchange markets of the world will exhaust every falsehood and every expedient which the diabolical ingenuity of degenerate man can invent

to prevent the stabilization of silver and the stabilization of exchange.

No honest and capable man can be fooled by the clap-trap about years being required to rid the world of fiat money. As I have already pointed out, America, when she had only \$2.61 in gold and \$1.21 in silver, went back to a regime of hard money, and at a bound she kept the flag flying and her money at par, though the Shylocks and arch-enemies of Democracy stabbed her in the very heart when they succeeded in demonetizing silver in 1873.

No language of mine would be strong enough and no words vehement and scornful enough to characterize in a proper light the conspirators who inflicted on the world - **THE SINGLE GOLD STANDARD!**

Before that fetish all the Shylocks of the world kneel in adoration as their prototypes knelt before the Golden Calf almost before the thunders of Sinai were stilled.

The few real statesmen battling heroically today for the return to the world of Truth, Justice and Charity are halted at every turn of the road by the International Shylocks who have utterly demoralized the finances of the world through the demonetization of silver and the flooding of the nations with debased fiat currency.

The very propaganda which "The Experts" prepared for the confusion of the world's delegates to Genoa but too clearly show that they aim to perpetuate fiat currency and unstable exchange. They have no thought or care for the reconstruction of Europe and for the salvation of Christendom. Gold is their God and to gain control of the world's new gold supplies they would gladly see perpetuated all the ferocious passions now seething among the nations of Europe.

It is perfectly significant to read of Central Banks calmly requesting the nations of the world to hand over to them the co-ordinating of the gold supply of the world so that they could distribute it as they thought best or expedient.

I doubt if ever a stranger or more arrogant proposal ever before emanated from a group of international financiers.

Such a request staggers human credulity. To turn over to the tender mercy of a group of International financiers the organizing and co-ordinating of the demand for the world's new gold supply would be little short of going to law with His Satanic Majesty in the court of Hell.

By falsehood and by every species of misrepresentation which poison gas propaganda could spread broadcast throughout the world, they are striving to perpetuate the monstrous injustice of the single gold standard upon a suffering world.

All the peoples of the world are appealing to their leaders to restore to them peace, opportunity, justice, fair dealing and honest money and the money brokers and money jugglers halt Monetary Reform lest their own usurious profits would be curtailed. These international financiers are the most baleful influence cursing the world in the agony of the present hour.

If they succeed in thwarting the efforts of statesmen and scientists to establish a regime of real and honest money in all countries and amongst all nations, then chaos and woe will overwhelm mankind.

Sincerely,

P. A. O'FARRELL.





